

Prevention of the use of the financial system for the purposes of money laundering or terrorist financing: transparency of financial transactions and of corporate entities

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Opinion of the European Central Bank (ECB) on a proposal for a directive of the European Parliament and of the Council amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directive 2009/101/EC.

The European Central Bank received requests from the Council (on 19 August 2016) and the European Parliament (on 23 September 2016) respectively for an opinion on the abovementioned proposal.

The ECB made the following observations:

Regulation of virtual currency exchange platforms and custodian wallet providers: the proposed directive expands the list of obliged entities to which Directive (EU) 2015/849 of the European Parliament and of the Council applies in order to include providers engaged primarily and professionally in exchange services between virtual currencies and fiat currencies and wallet providers offering custodial services of credentials necessary to access virtual currencies.

The ECB strongly supported these provisions, which are in line with the Financial Action Task Force (FATF) Recommendations, given that terrorists and other criminal groups are currently able to transfer money within virtual currency networks by concealing the transfers or by benefiting from a certain degree of anonymity on such exchange platforms.

The ECB recognised that the technological advances relating to the distributed ledger technology underlying alternative means of payment, such as virtual currencies, may have the potential to increase the efficiency, reach and choice of payment and transfer methods. It considered that while it is appropriate for the Union legislative bodies, consistent with the FATF's recommendations, to regulate virtual currencies from the anti-money laundering and counter-terrorist financing perspectives, they should not seek in this particular context to promote a wider use of virtual currencies.

The ECB suggested adapting the definition of virtual currencies under the proposed directive by making it clear that virtual currencies are not legally established currencies. It also referred to other possible uses of virtual currencies such as store-of-value products for savings or investment purposes.

Central registers of bank and payment accounts: the proposed directive requires Member States to put in place centralised automated mechanisms or central electronic data retrieval systems, which would allow the identification, in a timely manner, of any natural or legal persons holding or controlling payment accounts and bank accounts held by a credit institution within their territory.

The ECB considered the task of establishing a central register to clearly be a government task since its purpose is to combat money laundering and the financing of terrorism. It emphasised that, in taking up the task of operating a central register of accounts, the national legislation implementing the proposed directive should include a cost recovery mechanism with explicit procedures for monitoring, allocating and invoicing all costs incurred by the national central banks (NCBs) that are associated with operating and granting access to the central register.